

## **Minutes of the Meeting of December 16, 2016**

**of the**

### **MASSACHUSETTS TEACHERS' RETIREMENT BOARD**

#### **I. Regular Matters of Business**

In attendance at this regular meeting of the Massachusetts Teachers' Retirement Board ("the Board") were Chairman Jeff Wulfson, Vice Chair Nicola Favorito, Jacqueline A. Gorrie, Dennis J. Naughton, Joannah M. Quinn, Anne Wass, Executive Director Erika Glaster, Assistant Executive Director Sean Neilon, Assistant Executive Director Jon Osimo, General Counsel James Salvie, Disability Case Manager Salvatore Coco and Executive Assistant Helen Petruzzello. Mr. Liston was absent for personal reasons.

The meeting was called to order at approximately 9:00 a.m.

The minutes of the previous Board meeting, held on November 18, 2016, were reviewed and approved as submitted on a motion made by Ms. Wass and seconded by Ms. Gorrie. The motion carried 6-0.

**VOTED: The Open and Executive minutes of the Board meeting held on November 18, 2016, are hereby approved as submitted.**

#### **II. Executive Session**

A motion was made by Mr. Naughton, and seconded by Ms. Wass, to enter into executive session in order to review applications for disability retirement. On roll call, the vote was as follows:

<b>VOTED:</b> Nicola Favorito	Yes
Jacqueline A. Gorrie	Yes
Dennis J. Naughton	Yes
Anne Wass	Yes
Joannah M. Quinn	Yes
Chairman Jeff Wulfson	Yes

At approximately 9:01 a.m. the Board went into Executive Session. The Chairman stated that the Board would return to Open Session.

At approximately 9:49 a.m. the Board reconvened in Open Session and took a brief recess until approximately 9:56 a.m.

### **III. Open Session**

#### **A. REVIEW OF REGULATIONS 807 CMR 18.00, 807 CMR 20.00, AND 807 CMR 22.00**

After a review, Mr. Salvie recommended and asked for the Board's approval on retaining Regulations 807 CMR 18.00, *Mandatory Direct Deposit*, 807 CMR 20.00, *Employer in Qualified Governmental Plan*, and 807 CMR, 22.00, *Interest on Incorrect Payments*, in their current form. On a motion made by Ms. Gorrie, and seconded by Ms. Wass, the Board voted 6-0 to approve the recommendation.

#### **B. REVIEW AND APPROVAL OF THE FY16 PERAC ANNUAL FINANCIAL STATEMENT**

Marybeth Shaughnessy-Newell, MTRS Compliance Officer, joined the meeting to present the FY16 MTRS Annual Financial Statement for forwarding to the Public Employee Retirement Administration Commission ("PERAC"). On a motion made by Ms. Wass and seconded by Ms. Gorrie, the Board voted 6-0 to approve the FY16 MTRS Annual Financial Statement.

#### **C. DRAFT LETTER REGARDING FY18 PENSION FUNDING SCHEDULE**

In presenting a letter drafted on the Board's behalf to the Secretary of Administration and Finance and the Chairs of the House and Senate Ways and Means Committees regarding the Board's continued concerns about the funded level of the system and the establishment of the next triennial Commonwealth pension funding schedule, Ms. Glaster notified the Board of a development since the date of the distribution of the board materials. She informed the Board that at its meeting on December 14th, the Public Employee Retirement Administration Commission adopted the recommendation of State Actuary James Lamenzo, to

continue 10% annual increases for the entire length of the new pension funding schedule in order to fully fund the system by FY2036. On a motion made by Mr. Naughton, and seconded by Ms. Gorrie, the Board voted 6-0 to authorize the letter with amendments reflecting PERAC's funding schedule recommendations.

#### **D. EXECUTIVE DIRECTOR'S REPORT**

1. Ms. Glaster asked for the Board's approval on the final version of the 2017 board meeting schedule. On a motion made by Ms. Wass, and seconded by Ms. Gorrie, the Board voted unanimously to approve the final schedule for 2017.
2. Ms. Glaster noted paperwork had been received, and was in the process of being verified, from two of the five individuals who had expressed interest as possible candidates in the upcoming election for the MTRS elected representative to the PRIM Board.
3. Ms. Glaster noted receipt of the opinion from Administration and Finance's tax counsel, Mintz Levin, on the exclusive benefit rule issues. She stated that the Mintz Levin opinion and previously issued Ice Miller opinion are largely aligned, differing only in the recommended methodology for approaching the IRS on the retrospective corrections. She stated the anticipation that the pension disclosure notes in the Commonwealth's Comprehensive Annual Financial Report ("CAFR") would be updated accordingly, and that she would continue to update the Board on next steps.
4. Ms. Glaster announced that the agency's bi-annual Star Award was awarded to Kristen Doherty, of the Retirement Processing and Member Education Unit, and Rebecca Lehocky, of the Service Credit Administration unit, nominated by their respective managers for exemplary service to the agency. The Board commended the staff members.

On a motion made by Mr. Naughton and seconded by Ms. Quinn, the Board voted unanimously to adjourn the meeting at approximately 10:26 a.m.

Respectfully submitted,

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**Erika M. Glaster, Executive Director**

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Date

**Documents used in MTRS Board meeting of December 16, 2016**

- Agenda for December 16, 2016 MTRS Board meeting
- Cover letter from Executive Director
- Open minutes and executive minutes of December 16, 2016 MTRS Board meeting
- Memorandum and supporting documents pertaining to Review of Regulations 807 CMR 18.00, 807 CMR 20.00, and 807 CMR 22.00
- Memorandum and supporting documents pertaining to Review and Approval of the FY16 PERAC Annual Financial Statement
- Memorandum and draft document regarding FY18 pension funding schedule
- Final 2017 MTRS Board meeting schedule